

ABSTRACT

This research was aimed to determine the effect of the environmental management accounting and product innovation on the competitive advantage. The population of this research was all managers at the manufacturing companies incorporated Limited Liability Company (PT) in Palembang registered in the Department of Industry, Trade and Cooperatives of Palembang in 2015. The sample was selected by using purposive sampling method. The managers used as the sample in this research were a top-level managers and mid-level managers. The research sample obtained was 86 respondents. The hypothesis testing used multiple linear regression analysis method with SPSS ver.17,0. The test results showed that the first hypothesis (H1) which stated that environmental management accounting gave an effect on the competitive advantage, accepted. The second hypothesis (H2) which stated that product innovation did not gave any effect on the competitive advantage, rejected.

Keywords: *Environmental Management Accounting, Product Innovation, Competitive Advantage*